

## REPORT

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
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25X1 1. The best feature of the Czechoslovak financial policy is, according to a statement of the Minister of Finance Jaroslav Kabes, the general tax, which procures for the State funds to the extent that it is not necessary to introduce any special currency measures. According to findings of the Budget Committee of the National Assembly, the financial year of 1950 ended with a cash surplus of 32 million Kcs; this was achieved almost exclusively through revenue obtained from the general tax. The following is an example which shows how this tax is applied on consumer goods: The difference between the price of strawberries paid to the grower to the amount of 20.- Kcs per kg and the retail price of 100.- Kcs minus 15% of the retail price for distribution expenses goes into the Treasury in form of the general tax. The finance departments of the District National Committees all over Czechoslovakia stated to the Ministry of Finance that the vast increase in prices caused by the general tax is one of the foremost reasons for discontent among the workers. On the basis of this information Prime Minister Zapotocky

25X1 [redacted] expressed the opinion that this discontent of the citizens was very dangerous for the regime and outweighed the advantage gained by an active budget.

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